

Message Text

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ORIGIN EB-08

INFO OCT-01 EA-09 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 SS-15
STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01
OIC-02 AF-10 ARA-10 EUR-12 NEA-10 /150 R

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E.O. 11652:N/A

TAGS: ETRD, GATT

SUBJECT: PAPUA NEW GUINEA-AUSTRALIA AGREEMENT ON TRADE AND
COMMERCIAL RELATIONS (TPSC 77-32)

THE TRADE POLICY STAFF COMMITTEE TODAY APPROVED THE FOL-
LOWING POSITION PAPER THAT INCLUDES QUESTIONS TO BE SUB-
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MITTED TO THE WORKING PARTY ON THE SUBJECT AGREEMENT.

1. PROBLEM: THE GATT COUNCIL HAS ESTABLISHED A WORKING
PARTY WITH THE STANDARD TERMS OF REFERENCE TO EXAMINE AN
AGREEMENT ON TRADE AND COMMERCIAL RELATIONS BETWEEN AUS-
TRALIA AND PAPUA NEW GUINEA. THE AGREEMENT PURPORTEDLY
ESTABLISHES A FREE TRADE AREA BETWEEN AUSTRALIA AND PAPUA

NEW GUINEA. THE COUNCIL REQUESTED THAT CONTRACTING PARTIES
SUBMIT QUESTIONS TO THE WORKING PARTY BY APRIL 15.

2. RECOMMENDATION: THAT THE TRADE POLICY STAFF COMMITTEE
APPROVE FOR SUBMISSION TO THE WORKING PARTY THE LIST OF
QUESTIONS ATTACHED AS AN ANNEX.

3. BACKGROUND: ON NOVEMBER 6, 1976 THE GOVERNMENTS OF PAPUA
NEW GUINEA AND OF AUSTRALIA SIGNED A TRADE AND COMMERCIAL
RELATIONS AGREEMENT. ARTICLE 3 OF THE AGREEMENT STATES
THAT, "A FREE TRADE AREA IS HEREBY ESTABLISHED. THE AREA
CONSISTS OF PAPUA NEW GUINEA AND AUSTRALIA." THE
AGREEMENT REPLACES THE MEMORANDUM OF UNDERSTANDING SIGNED
IN DECEMBER 1973, WHICH APPLIED TO TRADE AND COMMERCIAL
RELATIONS BETWEEN AUSTRALIA AND PAPUA NEW GUINEA IN THE
PERIOD BETWEEN THE GRANTING OF SELF GOVERNMENT TO PAPUA
NEW GUINEA AND THE COUNTRY'S ATTAINMENT OF INDEPENDENCE.
THE UNDERSTANDING WAS EXTENDED IN APRIL 1975 TO COVER THE
PERIOD FROM INDEPENDENCE TO THE CONCLUSION OF A LONG-TERM
TRADE AGREEMENT. THE AUSTRALIAN GOVERNMENT HAS INFORMED
GATT THAT SUBSTANTIALLY ALL THE TRADE BETWEEN AUSTRALIA
AND PAPUA NEW GUINEA HAD BEEN FREE OF RESTRICTIVE DUTIES
AND REGULATIONS AND THAT THE NEW AGREEMENT PROVIDES FOR
A CONTINUATION OF THE SITUATION. AUSTRALIA ALSO NOTED
THAT THE AGREEMENT WILL ENSURE THAT PAPUA NEW GUINEA WILL
NOT, BY VIRTUE OF ATTAINING INDEPENDENCE, BE PLACED IN
A LESS ADVANTAGEOUS POSITION IN RELATION TO ITS TRADE
WITH AUSTRALIA THAN THAT WHICH OBTAINED PRIOR TO INDE-
PENDENCE.

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4. AS NOTED ABOVE, AUSTRALIA HAS ASSERTED THAT SUBSTAN-
Tially ALL TRADE BETWEEN THE TWO COUNTRIES IS COVERED
BY THE AGREEMENT. HOWEVER, BOTH COUNTRIES HAVE EXCLUDED
A CERTAIN NUMBER OF ITEMS FROM THE AGREEMENTS COVERAGE.
AUSTRALIA HAS WITHHELD FROM COVERAGE SOME FISH, TEXTILE,
SHOE, PASSIONFRUIT AND PLYWOOD ITEMS. PAPUA NEW GUINEA
HAS EXCLUDED A LARGER NUMBER OF ITEMS, INCLUDING POULTRY,
SOME PACKAGED FOODS, WINE, TOBACCO, PAINTS, SOME CHEMI-
CALS, LEATHER, TIRES, TEXTILES, APPLIANCES, CARS AND
TRUCKS. THERE IS NO UNDERTAKING IN THE AGREEMENT TO
EXPAND THE COVERAGE LATER. SAFEGUARDS PROVISIONS IN THE
AGREEMENT PERMIT EACH PARTY TO SUSPEND THE APPLICATION
OF ARTICLE 3 TO THE GOODS CONCERNED IN THE CASE OF ACTUAL
OR THREATENED SERIOUS INJURY. THE EXCLUSIONARY PROVISIONS
RAISE THE QUESTION OF WHETHER THE AGREEMENT COVERS SUB-
STANTIALLY ALL THE TRADE AS REQUIRED IN GATT ARTICLE XXIV.

5. ANNEX: QUESTIONS:

(A) PRIOR TO IMPLEMENTATION OF THE AGREEMENT WHAT PERCENTAGE OF AUSTRALIAN EXPORTS TO PAPUA NEW GUINEA ENTERED DUTY FREE? WHAT PERCENTAGE OF PAPUA NEW GUINEA'S EXPORTS TO AUSTRALIA ENTERED DUTY FREE?

(B) UNDER THE AGREEMENT WHAT PERCENTAGE OF AUSTRALIA'S EXPORTS TO PAPUA NEW GUINEA WILL ENTER DUTY FREE? WHAT PERCENTAGE OF PAPUA NEW GUINEA'S EXPORTS TO AUSTRALIA WILL ENTER DUTY FREE?

(C) DO THE PARTIES TO THE AGREEMENT HAVE ANY INTENTION OF ACCORDING DUTY FREE TREATMENT TO THE PRODUCTS AT PRESENT EXCLUDED FROM THE COVERAGE OF THE AGREEMENT? IF SO, ON WHAT SCHEDULE?

(D) HAS THE AGREEMENT BEEN IMPLEMENTED? IF NOT, WHEN WILL IT BE IMPLEMENTED?

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMITTEE MEETINGS, TRADE AGREEMENTS, MEETING REPORTS
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Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
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Drafter: R.C.REIS:CJF
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770130-0820
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770452/aaaabsvx.tel
Line Count: 130
Litigation Code IDs:
Litigation Codes:
Litigation History: Hold (001 Tobacco) added on 4/16/2009 3:39:08 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:06 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)
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